



# Procurement Governance Policy

## Background

The South Australian Government Procurement Framework ('the Framework') consists of *Treasurer's Instructions 18 - Procurement (TI 18)* and supporting policies that set the minimum requirements for each key procurement activity (planning, sourcing and contract management). South Australian government procurement centres on five key principles. The government's commitments to those principles are below and are reflected throughout the Framework:

- Principle 1 – Value for Money
- Principle 2 – Creating South Australian Jobs
- Principle 3 – Increasing the number of apprentices and trainees
- Principle 4 – Stimulating innovation and new businesses
- Principle 5 – Achieving environmentally sensitive, low-carbon, socially-just outcomes

Details of these principles can be found in Procurement Services SA's (PSSA) *Procurement Governance Policy*.

The Chief Executive is responsible for the efficient and cost-effective management of the procurement operations of the Department of the Premier and Cabinet ('Department') subject to and in accordance with the Framework.

TI 18 has delegated to the Chief Executive (as the principal officer of the Department) the authority to conduct procurement operations for DPC.

## Purpose

The objective of this policy is to define the governance framework for the procurement operations of the Department.

The procurement governance framework is developed to ensure:

- Governance structures for the procurement operations of the Department are clearly understood;
- Requirements for the issue and exercising of procurement authority delegations are clearly defined;
- An appropriate procurement governance committee is established;
- Procurement processes, guidelines and templates are standardised and meet the Department's needs; and

- Appropriate procurement approval and reporting processes are implemented throughout the Department to support the responsibilities of the Chief Executive under TI 18.

## **Scope**

This policy applies to all employees of the Department. Divisions and business units may adopt policies and procedures in addition to, but not in contradiction to, the minimum requirements defined in this policy.

## **Policy Detail**

The procurement governance framework defines the role of the Department procurement governance body, the obligations of procurement authority delegates, and the policy, process, guidelines and document template requirements for all procurement operations conducted within the Department.

### Procurement Oversight Committee

The Chief Executive has approved the establishment of a 'Procurement Oversight Committee' (POC) as the governance committee for the Department.

The POC is the governance body for procurement operations within the Department and is responsible for the provision of advice and support to the Chief Executive in discharging his responsibilities under TI 18.

Membership to the POC will comprise the following:

- Representation of executive and senior level officers that can contribute appropriate management and subject expertise in areas such as risk, financial management, strategic planning, project management, information systems, and procurement.

The POC terms of reference and membership are approved by the Chief Executive and define the purpose, function and responsibilities of the POC.

The POC has authority to:

- Review all procurement operations conducted within the Department, subject to the conditions of this Policy;
- Mandate standard procurement processes for the procurement operations within the Department;
- Develop, issue and keep under review procurement guidelines which define specific requirements for the procurement operations of the Department; and
- Develop, issue and keep under review standard procurement document templates.

Where the POC seeks to impose conditions relevant to the approval of Acquisition Plans, Variations to Contracts and Purchase Recommendations, the Chief Executive or procurement authority delegate must either approve those conditions or provide to the POC in writing the reasons for not approving those conditions.

### Procurement Authority Delegation

The Chief Executive (as the principal officer of the Department) may delegate a procurement authority to any officer within the Department and details are maintained in the department's Financial Authorisations Register.

The POC may review and provide advice to the Chief Executive regarding the level and appropriateness of any or all procurement authority delegations within the Department. All procurement authority delegations must be documented and integrated with other related delegations, kept up-to-date and appropriately communicated throughout the Department.

While the procurement authority delegate may approve procurement operations within the Department up to the level of their delegated authority, responsibility and accountability for compliance with the Framework and all policies and guidelines remain with the Chief Executive.

Procurement authority delegates must comply with the requirements of this Policy and ensure that prior to approving any procurement process, they are satisfied that the requirements of the Framework, all Department policies and guidelines, and all processes, guidelines and standard procurement document templates issued by the POC have been met.

### Complaints Management

All employees of the Department must handle supplier complaints in accordance with PSSA's *Supplier Complaints Schedule*.

Contract disputes should be managed in accordance with PSSA's *Contract Management Policy*.

The Chief Executive of DPC will inform the Procurement Review Committee (PRC) within seven calendar days of any complaint that could not be resolved to the satisfaction of both parties. The PRC comprises a small number of senior public officers and acts as Review Authority for unresolved supplier complaints.

### Procurement Process

All employees of the Department must comply with all policies, schedules and guidelines under the Framework and all procurement policies and guidelines issued by the POC under this policy.

The standard procurement templates and tools will include minimum requirements for the planning and documentation of procurement activities. The standard documents must be utilised as directed by the POC for all procurement operations within the Department.

The level of planning and documentation for procurement activities within the Department must be commensurate with the complexity and value of each individual process.

### Approval Requirements

The following requirements apply when seeking approval of an acquisition plan or purchase recommendation:

- All acquisition plans and purchase recommendations valued greater than \$220,000 (GST inclusive) must be considered and endorsed by the POC prior to seeking the approval of the relevant procurement authority or delegate;
- Approval of an acquisition plan must be obtained prior to the market approach; and
- Approval of a purchase recommendation must be obtained prior to contract execution.

In addition to the above requirements, only the Chief Executive (CE) can approve:

- an acquisition plan that involves a direct market approach to a non-South Australian business above \$55,000 (GST inclusive);

- procurements that intend to approach the market within 3 months of reporting the procurement to PSSA through the Procurement Activity Reporting System (PARS) and the procurement is an urgent pressing need that could not have been foreseen; and
- a procurement outcome above \$55,000 (GST inclusive) where there is a South Australian business that could supply the required good or service, but the successful supplier is not a South Australian business.

The Chief Executive is not required to approve secondary procurements processes conducted under Panel Arrangement including contracting a non-SA business, where the contract is awarded under an established panel arrangement, in line with the approved panel rules.

#### Industry Participation Policy

The requirements of the *South Australian Industry Participation Policy (SAIPP)* must be applied to all procurement operations within the Department.

To comply with the SAIPP, DPC's acquisition plan template includes the Industry Advocate Sourcing Checklist and DPC's purchase recommendation template includes the Industry Advocate Outcome Checklist. These checklists are to be completed for all procurements greater than \$55,000 (GST inclusive) and the information will be entered into the PARS by DPC's Procurement and Contract Services team.

#### Departure Register

The Chief Executive must ensure that a Departure Register is maintained that sets out all procurements above \$55,000 (GST inclusive) where there has been a departure from PSSA's *Procurement Planning Policy or Sourcing Policy*. DPC Procurement and Contract Services maintains this register in PARS on behalf of the Department and provides details to Procurement Services SA as part of quarterly reporting requirements.

#### Exemptions

There are currently no exemptions from this Policy.

## Roles and responsibilities

Position title or unit/team	Listed responsibilities
<b>Chief Executive</b>	<p>Approve the POC's Terms of Reference.</p> <p>Responsible for the efficient and cost-effective management of the procurement operations of the Department subject to and in accordance with the policies, principles, guidelines, standards and directions of the Framework.</p> <p>May delegate a procurement authority to any officer within the Department.</p> <p>Accountable for the effective implementation of the policy and compliance with the Framework within the Department of the Premier and Cabinet.</p> <p>Ensure appropriate resources are allocated to develop, implement and maintain the Department's procurement framework including its operation and performance outcomes and maintain capacity and capability to support complex or strategic procurements.</p> <p>Confirm effective industry engagement and market research is undertaken by the Department.</p> <p>Ensure that records are available to support decision making relating to procurement.</p> <p>Ensure that appropriate procurement and contract management information management systems are deployed and maintained within the Department.</p> <p>Remain informed of compliance requirements and deal with non-compliance issues within appropriate timeframes with supporting documentation.</p>
<b>Procurement Authority Delegate</b>	<p>Approve procurement operations within the Department up to the level of their delegated authority. Comply with the requirements of this policy.</p>
<b>Senior Executives, Directors and Managers</b>	<p>Responsible for ensuring</p> <ul style="list-style-type: none"> <li>• the policy is implemented and observed by staff</li> <li>• staff are fully informed of their obligations and responsibilities under the policy, and trained where required</li> <li>• contracts and agreements with service providers require adherence to DPC policies whilst conducting DPC business</li> <li>• any reporting requirements are met.</li> </ul>
<b>Team leaders and Supervisors</b>	<p>Responsible for ensuring that the policy is observed by staff and that business processes support the policy requirements.</p>
<b>All staff</b>	<p>Required to comply with the policy and any related procedures, and to play an active role in ensuring the compliance of others.</p>
<b>Procurement Oversight Committee</b>	<p>All acquisition plans and purchase recommendations valued greater than \$220,000 (GST inclusive) must be considered and endorsed by the POC prior to seeking the approval of the relevant procurement authority or delegate.</p>
	<p>The POC is responsible for:</p>

- Ensuring that all employees are fully informed of their obligations and responsibilities outlined in this policy; and
- Ensuring that all processes, guidelines and templates issued under this policy are relevant and necessary for the appropriate management of procurement operations within the Department.

## DPC Procurement and Contract Services

Ensuring that all employees are fully informed of their obligations and responsibilities outlined in this policy.

Providing advice on relevant matters and assisting in the establishment of all procurement processes, guidelines and templates issued under this policy.

Facilitate submission of all acquisition plans and purchase recommendations valued greater than \$220 000 (GST inclusive) to the POC.

Coordinating the timely review of this policy and any procurement process, guideline or template issued under this policy.

Maintaining the accuracy of the list of POC processes, Guidelines and standard procurement documents.

## Reporting

DPC Procurement and Contract Services will provide reporting on behalf of the Department in relation to quarterly and annual reporting to PSSA and the Office of the Industry Advocate.

## Related documents

*Treasurer's Instructions 18 Procurement  
Procurement Governance Policy  
Procurement Planning Policy  
Sourcing Policy  
Contract Management Policy*

## Definitions

Term	Definition
<b>Acquisition Plan</b>	A document that outlines the procurement objectives, methodology and strategy to be undertaken in procuring the required goods or services. The plan is approved by the appropriate approving delegate before the procurement strategy is commenced.
<b>Direct Market Approach</b>	Means a sourcing strategy for a procurement where only 1 supplier is invited to submit an offer.
<b>Market Approach</b>	Formal process of notifying 1 or more potential suppliers of a procurement opportunity and inviting them to submit a response, quote, proposal or offer.

<b>Procurement</b>	Procurement refers to the end-to-end process of buying goods and services that begins with defining the need, approaching the market, engaging the supplier/s through to contract management and close out of the supplier, as well as the disposal of the goods.
	The definition of 'Procurement' excludes purchase or leasing of real property, sponsorship arrangements, grants and the engagement of legal practitioners to provide legal services.
<b>Procurement Governance</b>	The overall management structure and organisation for procurement in the public authority, including roles and responsibilities of staff, delegations, capability and localised purchasing practices, controls and review processes.
<b>Procurement Oversight Committee</b>	A committee comprising nominated senior officers that oversee the purchase of goods and services within a prescribed delegation. It is the role of the committee to support principal officers in procurement decision making and strategy development.
<b>PSSA</b>	Procurement Services SA is the business unit within the Department of Treasury and Finance responsible for strategic advice to government relating to procurement, and administering the procurement policies and guidelines applicable to public authorities.
<b>PARS</b>	The Procurement Activity and Reporting System or PARS are the software platforms and associated systems and databases administered by Procurement Services SA for the collection, analysis and disclosure of data relating to procurement by public authorities.
<b>SAIPP</b>	<i>South Australian Industry Participation Policy</i> <a href="https://www.industryadvocate.sa.gov.au/policy-and-resources">https://www.industryadvocate.sa.gov.au/policy-and-resources</a> State Government Agencies and private parties contracting to the Government of South Australia are required to comply with the South Australian Industry Participation Policy and the supporting Procedural and Reporting Guidelines.
<b>Secondary Procurement Process</b>	A purchase from an established panel of suppliers conducted in accordance with the approved panel rules.
<b>South Australian business</b>	A business is a South Australian business in relation to a procurement if the business operates in South Australia and more than 50% of the workforce delivering the contract resulting from the procurement on behalf of the business are residents of South Australia.

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**DOCUMENT CONTROL:**

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